

# Memorandum



CITY OF DALLAS

DATE January 21, 2022

TO Honorable Mayor and City Council

SUBJECT **Consideration and Approval of the Sale of Land Transfer Lots to a Qualified Participating Developer**

On Monday, January 24, 2022, the Housing and Homelessness Solutions Committee was scheduled to be briefed on the proposed sale of Land Transfer lots to a qualified participating developer.

## Summary

The City of Dallas Land Transfer Program, which was established by City Council in 2019 and is administered by the Department of Housing and Neighborhood Revitalization, currently has an inventory of 103 lots that are offered for sale.

Lots in the Land Transfer Program are sold to eligible developers via an application process for the purpose of constructing affordable housing units and sale to income eligible homebuyers. Recently, staff received and reviewed an application from an eligible developer, Affluency Homes LLC for the purchase of fifteen (15) Land Transfer lots. This memorandum provides an overview of the application submitted by Affluency Homes LLC.

## Background

On May 22, 2019, City Council adopted the Land Transfer Program via Resolution No. 19-0824. The purpose of the Land Transfer Program is to incentivize: (1) the development of quality, sustainable housing that is affordable to the residents of the City and (2) the development of other uses that complement the City's Comprehensive Housing Policy, economic development policy, or redevelopment policy. Specifically, the Land Transfer Program authorizes the City to sell qualifying city-owned real property and resell tax-foreclosed real property to for-profit, non-profit and/or religious organizations in a direct sale at less than fair market value of the land, consistent with the authorizing state statute or city ordinance.

In December 2021, an eligible developer, Affluency Homes submitted an application (proposal) to purchase a total of 15 Land Transfer lots. Housing Department staff evaluated the application pursuant to the standards set forth in the Land Transfer Program guidelines, which included determining whether the developer met the eligibility standards to be deemed a "Qualified Participating Developer" and underwriting the proposal. The application was determined to be "complete" and was assigned a score by Housing Department staff. Housing Department staff collaborated with the qualified participating developer regarding the terms of sale of the vacant lots as well as the terms related to the construction and subsequent sale of single-family housing units to income eligible homebuyers.

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The Developer is being considered for the sale of 15 lots is Affluency Homes LLC, based in Arlington, Texas. The Developer is a limited liability corporation formed in Texas in 2014 and is licensed with the City of Dallas as a General Contractor. The company has eight years of home building experience as well as home renovation experience. To date, the applicant has constructed and sold market rate homes in McKinney and affordable housing in Dallas, Fort Worth and the surrounding area. The company does have experience constructing and selling in the target area of South Dallas to homebuyers in the income range as the Land Transfer Program. The applicant has a current line of credit to support this project 1.06 times. The Managing Member of the company is Vince Ngwenya.

The proposal indicates the construction of 15 single family units ranging from 1,647 square feet to 2,159 square feet with a minimum of three bedrooms and two baths. The price range of the proposed units will be \$190,500.00 - \$218,500.00 targeting homebuyers in an income range of 60 - 120% AMI, of which 7 units will be used to target homebuyers in an income range of 60 - 80% AMI. The developer intends to market the City of Dallas Homebuyer Assistance Program to those homebuyers categorized in the 60 - 80% AMI range.

The development terms applicable to each lot are as follows:

- **Vacant Lot Sales Price:** Attached as Exhibit A.
- **Single-Family Home Sales Price:** The sales price of the home cannot exceed the 2021 HUD HOME homeownership sales price for the Dallas, TX HUD Metro FMR Area and must be affordable based on the income of the targeted homebuyer.
- **Targeted Income of Homebuyer:** 60 - 120% AMI.
- **Construction Timeframe:** Developer must apply for a construction permit and close on any construction financing within 60 days of purchase from the City. In addition, Developer should complete construction and sale of each affordable housing unit to an income eligible homebuyer within two years of the date of acquisition of the vacant lot utilized for construction of the unit.
- **Restrictive Covenants:** Developer must: (1) sell each lot to an income eligible household and (2) prior to the sale, must provide to Department of Housing and Neighborhood Revitalization staff written documentation of the income of the proposed purchaser and the sales price. After sale of the home, the property must be occupied as an income eligible household's principal residence during the entire term of the affordability period.
- **Affordability Period:** Once the property is sold to an income eligible household, it must be occupied as the household's principal place of residence for at least five years. If the original purchaser re-sells the property during the affordability period, the property may only be sold to another income eligible household.
- **Right of Reverter:** Title to the property may revert to the City if Developer does not apply for a construction permit and close on any construction financing within 60 days of

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purchase from the City or does not complete the construction and sale of the affordable housing unit to an income eligible homebuyer within two years.

### **Issues**

The City incurs costs related to maintaining lots in its inventory. If City Council does not approve the sale of the 15 vacant lots to the Qualified Developer, the City will be required to continue expending funds to maintain the unsold inventory.

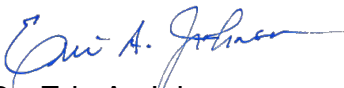
### **Fiscal Impact**

The City of Dallas will receive revenue from the sale of the lots, see attached Exhibit A, in the amount of \$15,525.48. The sales price for each lot is a minimum of \$1,000 for lots up to 7,500 square feet and an additional \$0.133 per square foot for lots which exceed 7,500 square feet. Upon completion of the proposed 15 housing units the expected property tax revenue for the City of Dallas is expected to be approximately \$17,482.28 annually. In addition, Exhibit A details the Estimated Foregone Revenues from the release of non-tax City liens: \$72,555.98.

### **Staff Recommendation**

Staff recommends City Council consideration and approval of the sale of 15 vacant lots held by the City to the Qualified Participating Developer pursuant to the terms of development set forth in this memorandum.

Should you have any questions or require any additional information, please contact me or David Noguera, Director, Department of Housing & Neighborhood Revitalization at [David.Noguera@DallasCityHall.com](mailto:David.Noguera@DallasCityHall.com) or 214-670-3619.



Dr. Eric A. Johnson  
Chief of Economic Development and Neighborhood Services

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Chris Caso, City Attorney  
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Biliera Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager  
Jon Fortune, Assistant City Manager  
Joey Zapata, Assistant City Manager  
M. Elizabeth Reich, Chief Financial Officer  
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion  
Directors and Assistant Directors

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**Exhibit A  
Affluency Homes, LLC**

Lot #	Street #	Street Name	Neighborhood	CD	Area (SF)	Purchase Price	Type	Proposed Homebuyer AMI	Non- Tax Lien Amount
1	2453	STARKS AVE	Ideal	7	2657	\$ 1,000.00	surplus	60-80%	\$ -
2	2412	STARKS AVE	Ideal	7	2622	\$ 1,000.00	tax foreclosed	60-80%	\$ -
3	5012	MARNE ST	Ideal	7	4749	\$ 1,000.00	tax foreclosed	60-80%	\$ 3,145.45
4	5039	MARNE ST	Ideal	7	4606	\$ 1,000.00	tax foreclosed	60-80%	\$ 9,250.86
5	2338	MACON ST	Ideal	7	6500	\$ 1,000.00	tax foreclosed	80-120%	\$ 6,925.49
6	2510	HOOPER ST	Ideal	7	5195	\$ 1,000.00	tax foreclosed	60-80%	\$ -
7	1916	J B JACKSON JR BLVD	Bertrand	7	6661	\$ 1,000.00	tax foreclosed	80-120%	\$ -
8	3723	KENILWORTH ST	Bertrand	7	5882	\$ 1,000.00	tax foreclosed	80-120%	\$ -
9	3504	ROBERTS AVE	Bertrand	7	6351	\$ 1,000.00	tax foreclosed	80-120%	\$ 269.98
10	2215	STONEMAN ST	Bertrand	7	7052	\$ 1,000.00	tax foreclosed	80-120%	\$ 553.36
11	2643	TANNER ST	Bertrand	7	6057	\$ 1,000.00	tax foreclosed	60-80%	\$ -
12	3814	ATLANTA ST	Bertrand	7	3725	\$ 1,000.00	tax foreclosed	60-80%	\$ 1,827.07
13	1242	E OHIO	Oak Cliff	4	10404	\$ 1,386.23	tax foreclosed	80-120%	\$ 13,887.28
14	3723	OPAL	Oak Cliff	4	6437	\$ 1,000.00	tax foreclosed	80-120%	\$ 14,193.59
15	4234	OPAL	Oak Cliff	4	8547	\$ 1,139.25	tax foreclosed	80-120%	\$ 22,502.90
<b>TTL Purchase Price</b>						<b>\$ 15,525.48</b>	<b>TTL Non-Tax Lien Amount</b>		<b>\$ 72,555.98</b>